

EXHIBIT 3

C O N F I D E N T I A L

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
ADV. PRO. NO. 08-01789 (BRL)

-----x
SECURITIES INVESTOR PROTECTION
CORPORATION, Videotaped

Plaintiff-Applicant, Rule 2004
v. Examination of:

BERNARD L. MADOFF INVESTMENT JUSTIN LOWE
SECURITIES, LLC,
Defendant.

-----x
In Re:

BERNARD L. MADOFF,
Debtor.
-----x

TRANSCRIPT of testimony as taken by and before
NANCY C. BENDISH, Certified Court Reporter, RMR, CRR
and Notary Public of the States of New York and New
Jersey, at the offices of Baker & Hostetler, 45
Rockefeller Plaza, New York, New York on Wednesday,
June 9, 2010, commencing at 9:35 a.m.

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1 THE VIDEOGRAPHER: Good morning. My
2 name is Daniel McClutchy of Bendish Reporting. The
3 date today is June 9th, 2010 and the time is
4 approximately 9:35 a.m. This deposition is being
5 held in the office of Baker Hostetler, located at 45
6 Rockefeller Plaza, New York, New York. The caption
7 of this case is Securities Investor Protection
8 Corporation versus Bernard L. Madoff Investments
9 Securities, LLC in the US Bankruptcy Court, Southern
10 District of New York, case number 08-01789 (BRL).
11 The name of the witness is Justin Lowe.

12 At this time the attorneys will
13 identify themselves and the parties they represent,
14 after which our court reporter, Nancy Bendish, will
15 swear in the witness and we can proceed.

16 MR. CHOCKLEY: Good morning. My name
17 is Frederick Chockley. I am counsel for the
18 Trustee. I have some colleagues with me who are not
19 on the record at the moment, Kate McKnight, Judy
20 Selby. Sorry, I'm blanking.

21 MS. SHELENKOVA: Marianna Shelenkova.

22 MR. CHOCKLEY: Michelle Young. Thank
23 you.

24 MR. HYLAND: Mark J. Hyland, Seward &
25 Kissel, One Battery Park Plaza, New York, New York,

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1 for the witness.

2
3 J U S T I N L O W E,

4 147 East 48th Street,

5 New York, New York, 10017, sworn.

6 EXAMINATION BY MR. CHOCKLEY:

7 Q. This deposition is being taken
8 pursuant and governed by a Protective Order in the
9 case and both the witness and Mr. Hyland have signed
10 copies of undertakings indicating that they have
11 read the Protective Order and will abide by it.

12 I would ask Mr. Lowe, the witness, to
13 please affirm that he understands that that
14 undertaking binds him personally and not simply his
15 company, Reliance International Research LLC.

16 A. Yes.

17 MR. CHOCKLEY: And I would note that
18 we have copies of the Protective Order for the court
19 reporter and the videographer present. I'd like to
20 give them each a copy of the Protective Order. It's
21 not required that they execute the undertaking, but
22 I would like you to have copies of the Protective
23 Order, please. And I'm going to read into the
24 record the provision concerning court reporters.

25 Paragraph 12: "Any court reporter

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1 people at Fidux Trust?

2 A. Yes.

3 Q. And does Reliance have an interest in
4 Fidux Trust?

5 A. No.

6 Q. Or does Mr. Brockmann have an
7 interest in Fidux Trust?

8 A. No.

9 Q. Are Mr. Hirschbaek and Gemma Cross
10 still employed there?

11 A. Gemma -- Hirschbaek is -- the answer
12 is, I'm not quite sure. Gemma doesn't work there
13 anymore, I believe, and I don't know the ownership
14 structure of Fidux. I know Hirschbaek is involved,
15 but I don't know how the ownership structure is
16 created.

17 What I think -- I want to, if you
18 don't mind, clear up any kind of misunderstanding.
19 Sometimes, you know, sitting here, all this can seem
20 like kind of alphabet soup and a little cloak and
21 dagger. It's not.

22 We believe, under RIR's side and Tim
23 believes under Reliance's side, that hedge funds,
24 any kind of funds, should have independent
25 directors. We dislike, although we have recommended

1 investments in the past, we strongly dislike, I'm
2 sure Seward would agree, funds where the management
3 company guys are on the board of the fund, because
4 there's huge conflicts of interest. You get
5 redemption, you gate the fund, because you want to
6 protect your fees.

7 It's very, very important to the
8 Reliance funds that the board be an external board
9 of directors. You'll notice throughout every single
10 one of the funds it's Hirschbaek and Whitehead or
11 Fiman and Whitehead, specifically for that reason,
12 to make sure it's an independent board of directors
13 for the fund. Defender, the same situation;
14 Reliance Multi-Advisor, same situation.

15 So, Fidux is completely separate from
16 any Reliance entity, has no involvement. For better
17 or for worse, has a mind of its own.

18 Tim Brockmann has involvements in
19 different businesses and as an entrepreneur he has
20 involvement in the family asset management business,
21 was a client of many of the Reliance funds, and he's
22 got an interest in a brokerage company so he can
23 execute for his clients at relatively low cost.

24 Q. What was Mr. Brockmann's father's
25 name?

1 A. Uwe, U-w-e.

2 Q. You indicated that your father was a
3 Swiss citizen, right?

4 A. Yes. Is.

5 Q. Is a Swiss citizen.

6 A. Is.

7 Q. Does your father hold citizenship in
8 any other country?

9 A. No.

10 Q. Is your mother an American citizen?

11 A. Yes.

12 Q. And were you born in the US?

13 A. No.

14 Q. Were you born in Switzerland?

15 A. No.

16 Q. Where were you born?

17 A. In Japan.

18 Q. Now, at some point you -- at some
19 point Reliance decided to start a new fund, the
20 Defender Fund?

21 A. Yes.

22 Q. Were you involved in that decision?

23 A. No. The decision was taken by Tim,
24 and I was asked to assist in the nuts and bolts
25 creation of the fund and doing the leg work which

1 was, to a large extent, our modus operandi.

2 Q. And what was the purpose in setting
3 up the Defender Fund?

4 A. The Defender Fund, there's a little
5 history to it. As you know, in 2005, I might have
6 mentioned before, Reliance wanted to get access to
7 Madoff trade information, get more information, and
8 really see what was going on in terms of trading
9 activity. And Tim had expressed that desire to
10 Manuel Echeverria, I really want to get some trade
11 information on your Optimal Fund. Manuel said, yes,
12 we can provide some but we can't give you copies of
13 every single trade ticket as they come along, just
14 in time.

15 So, a few months later it turns out
16 Manuel mentioned to Tim that there was a group that
17 wanted to open an account with Madoff. And the
18 group was M & B Capital. M & B Capital -- I'm sure
19 I'm repeating things that you already know, but
20 Morenes & Botin Capital in Madrid are related
21 parties to the family that controls Banco Santander.
22 Banco Santander owns 100 percent of Optimal.

23 And so here you have the CEO of
24 Optimal, Manuel Echeverria, gets approached by
25 M & B. M & B says, we need your help to open an

1 account with Madoff. Manuel does what I guess one
2 does when the key shareholder in the bank, through a
3 related entity, asks him to do something, he went
4 and helped them open an account with Madoff.

5 The account was opened via UBS
6 Luxembourg, the fund I mentioned before called LIF
7 US Equity Plus. And
8 M & B, due to their status in Spain -- M & B was
9 supposed to be the investment advisor to the fund.
10 And M & B said at the last minute, we can really
11 only be the distributor. You need to find an
12 investment advisor. And Manuel said, let me place
13 you in a marriage of convenience, let me put you
14 guys together because you, Botin, you, Javier Botin
15 and Guillermo Morenes and Tim Brockmann, because you
16 might be able to do some stuff together, and he did
17 some matchmaking, introduced them, and Tim decided
18 that it was important enough for him to get the
19 trade level information on Madoff that he was
20 willing to participate as an investment advisor in
21 the LIF US Equity Plus Fund.

22 Fast forward to December of '06,
23 M & B poured a lot of money into the LIF fund
24 through their clients and so on, and the fund grew
25 very quickly. And UBS, the manager of the fund,

1 custodian, administrator and promoter, said, that's
2 growing a little too fast. We're going to close the
3 fund for a little bit. M & B said, we need to
4 allocate more capital, we've got a lot of demand,
5 and they tasked Manuel again to go in, see Madoff to
6 open another account. And he again did it and again
7 Reliance thought that this new account would be a
8 very good way of getting more information on another
9 account, make sure they were pari passu and
10 everything, and would have the added advantage of
11 providing the firm with exposure to some of M & B's
12 institutional or institutional level clients that
13 could potentially become clients in the fund of
14 funds business. And that's how the decision was
15 taken to create Defender.

16 Now, as we all know with the benefit
17 of hindsight, Defender is probably the last entrant,
18 or one of the last, well placed, I'm sure you know
19 that, but Defender is one of the last accounts that
20 was ever created. The last guy on the boat. But
21 obviously none of that was known at the time.

22 MR. CHOCKLEY: Let's take a break
23 here . The videographer needs to change the tape.

24 THE VIDEOGRAPHER: Off the record,
25 the time is 3:25. This ends tape number 4.

1 (Recess taken.)

2 THE VIDEOGRAPHER: We're back on the
3 record, the time is 3:47. This is tape number 5.

4 BY MR. CHOCKLEY:

5 Q. Mr. Lowe, I saw a document that had a
6 reference to another RIR employee whose name did not
7 come up earlier today. That is Doug Scrivani.

8 A. Yes.

9 Q. Who is that?

10 A. He was hired in November of 2008 --
11 October/November of 2008, and he was let go on -- he
12 was let go beginning of December of 2008.

13 Q. What was his position?

14 A. He was kind of an assistant to
15 Mr. O'Hara. Or Mr. O'Hara was a controller and he
16 was just overwhelmed with the amount of stuff he had
17 to do, so he was acting as his assistant. And he
18 was -- not only was he -- he was let go partially
19 due to the circumstances, but also because he wasn't
20 a particularly good employee. So even if Madoff
21 hadn't happened, he probably would have been let go.
22 Ironically he ended up at the Federal Reserve.

23 Q. So he's working for the Federal
24 Reserve in New York?

25 A. Yes, I believe so.

1 Q. Getting back to the process of
2 starting another fund, the Defender Fund, did
3 Reliance, as part of that process, undertake some
4 additional due diligence or review or monitoring of
5 Mr. Madoff?

6 A. The answer is when the fund was
7 created, Reliance had already had trade level
8 information from the Luxembourg Investment Fund.
9 And so it had additional comfort compared to its
10 time when it was investing only in Kingate and in
11 Optimal. So its involvement in Luxembourg
12 Investment Fund increased its understanding of the
13 strategy that was being applied, and also gave it
14 access to Madoff at a meeting that took place at the
15 beginning of February of 2007, the meeting I
16 referred to before, to which I was also invited.
17 And this happened prior to Defender. The trades
18 were analyzed prior to Defender and Defender gave
19 even more information.

20 As I mentioned before, Reliance
21 Research was always talking to people who were
22 involved with Madoff and who had done business with
23 him and reading any articles that would have come
24 out in any kind of public search, reading the SEC
25 records, so there was always a process of being, in

1 an effort to do research about the person, about the
2 firm, and understand it.

3 But that said, Defender was created
4 for a particular client. Interestingly enough,
5 there was a very interesting discussion with the
6 directors when the company was created where the
7 directors felt that it should not be called a fund.
8 And actually I think that was a great call because
9 it is not a fund in the sense of what I would call a
10 normal fund, where the principles of risk spreading
11 are applied. It's a trading strategy. So it's
12 similar to if you have a fund that's dedicated to
13 shorting, subprime or to betting on the euro raking
14 up, or on a particular discrete well-defined
15 strategy. Those are trading vehicles. I would call
16 them trading vehicles, I think is the best word.
17 For me, the Madoff funds, I said earlier this
18 morning, are not really feeder funds because they're
19 not designed to be diversified across a large number
20 of strategies and instruments. They have a defined
21 purpose, which was to apply this particular
22 strategy.

23 So, in some way I think the, when
24 the, when Defender was created, yes, there was work
25 that was done over that whole period of time leading

1 up into it and then after to get to really know,
2 understand what is exactly going on at Madoff, and
3 the visit gave us a little bit more insight to the
4 person, the SEC, review of the SEC RAA registration
5 which Madoff had then, I believe in 2006, gave us a
6 little more insight, the NASD checks.

7 So, there's a significant amount of
8 work that was done prior to the creation, and it was
9 done while the fund was in existence.

10 But the most important part of that,
11 if I may add, the most important part of that is the
12 trade level verification, because that's the crux of
13 the matter. We can talk about due diligence all we
14 want; the reality is that what you really want to
15 understand as an investor is exactly what's going on
16 from a trading perspective, what securities are in
17 and what can you get in terms of information, in
18 terms of the options, and make sure that prices are
19 traded -- securities are traded at the right prices.

20 Q. You said you had access to the trade
21 level information from LIF, right?

22 A. Yes.

23 Q. How did you get that?

24 A. Initially we got it from -- initially
25 UBS posted it on a website, on an internal kind of

1 private banking style website. Because the fund was
2 created for M & B, the group that created it at UBS
3 was a private client group. It's called Key Clients
4 Group for very, very wealthy families. And so they
5 were essentially a part of private banking division.
6 They created the fund for a specific client. And so
7 they use a private banking kind of website and they
8 reentered every single trade they received from
9 Madoff. The problem is they reentered it with a lot
10 of mistakes. And we kept discovering that small
11 little mistakes were made when they were entering
12 the trade tickets, which they then had to correct.
13 And it turns out that they were doing this process
14 some offshore location like India and it was full of
15 mistakes.

16 So basically we then, Reliance
17 asked -- we alerted Reliance, Reliance asked UBS if
18 they could send duplicate copies to Reliance
19 Research. That took about six months to happen. We
20 started getting them in January of 2007. That's
21 most likely when we started appearing on the
22 so-called Madoff client list as a recipient of trade
23 tickets.

24 Q. And just so I'm clear, you would
25 attribute then the access that you had to Madoff in

1 that meeting, sometime early 2007, to the Reliance
2 role as an investment advisor to LIF more than due
3 diligence in advance of beginning the Defender Fund?

4 A. Absolutely.

5 Q. So how was it that you were able to
6 get that access by virtue of serving as investment
7 advisor to LIF?

8 A. Manuel Echeverria, who had brought
9 both M & B and Reliance together in the LIF product,
10 was the main point of contact for both groups into
11 Madoff. And so he arranged a meeting and invited
12 Reliance and Tim invited me to come along to that
13 meeting. Whether that meeting would have happened
14 if we were -- a meeting would have probably not
15 happened if we were investors only in Optimal. The
16 fact that we were playing this role for M & B, M & B
17 was associated to essentially Manuel's boss, Manuel
18 had no choice but to invite everyone to the meeting.

19 Q. I'm sorry, Manuel's boss was who?

20 A. Manuel works for Optimal, runs
21 Optimal, or ran Optimal. And Emilio Botin, Sr. was
22 chairman of the bank --

23 Q. Santander?

24 A. Of Santander. His son runs M & B,
25 and his daughter works in the bank, is probably

1 going to take over the bank. She's referred to in
2 one of those emails, I believe, or in one of the
3 memos we gave you. She's called Ana Patricia. Ana
4 Patricia's husband is Guillermo Morenes. So
5 Morenes, the son-in-law of Emilio Botin, Sr., and
6 Emilio Botin, Sr.'s son Javier are in business
7 together. They were the -- they're the ones that
8 wanted to get the LIF fund and they're the ones that
9 wanted to get the exposure by Defender.

10 Q. And who was it who pushed for the
11 meeting with Madoff?

12 A. I believe they asked Manuel to go --
13 they said, next time you see Madoff, see if you can
14 get an account for us.

15 Q. So M & B wanted the meeting?

16 A. Yes.

17 Q. And you got to, essentially, tag
18 along?

19 A. We got to tag along. And M & B
20 didn't come to the meeting, because Manuel was going
21 for them. They only had one objective, which was to
22 open an account. And we were pretty curious to meet
23 this person who we had never had access to.

24 Q. And you then -- and you've answered
25 the question I was about to ask you -- you had not

1 had access to him before?

2 A. No, we'd never been able to have
3 access. We had requested access, but access was not
4 given by Optimal to -- if Optimal started giving
5 access to one client, it would probably have to give
6 access to all clients. They wouldn't want to treat
7 certain clients differently than other clients.

8 So some clients of these so-called
9 feeder funds over the years did meet Madoff, but I
10 think they were few and far between.

11 Q. You had asked Optimal to get you
12 access to Madoff prior to February '07?

13 A. Yes. Not formally, but informally,
14 if there's a chance to meet him, we'd love to meet
15 him one day.

16 Q. Had you ever asked Kingate or Carlo
17 Grosso to get you access?

18 A. No, no. The relationship was not as
19 close with Carlo Grosso.

20 Q. Had you ever asked Madoff directly
21 for access?

22 A. No.

23 Q. And Mr. Brockmann?

24 A. No. He wouldn't have known us from
25 Adam because we were investors in the feeder fund,

1 someone else's feeder fund. I don't think we would
2 have gotten past the reception.

3 Q. And when you indicated to Optimal
4 that you wanted access if they were going to meet
5 them, meet Madoff, who did you ask, Mr. Echeverria?

6 A. Yes. I didn't ask him. I think Tim
7 asked him, over the years, prior to 2007, that it
8 would be wonderful to meet him and I think he was
9 told, you know, the time will come when you can.
10 And then the time came at the beginning of February
11 2007. But more than meeting the person, again, we
12 wanted the data.

13 Q. But I take it you were getting the
14 data by that time via LIF?

15 A. We started getting the data directly
16 from Madoff in the beginning of 2007. Before we
17 were getting it via LIF, UBS, but the quality of it
18 was just not -- it wasn't adequate in terms of
19 quality to be able to run the kind of analytics that
20 we wanted to run via our systems.

21 Q. So in February of '07 you got the
22 chance to meet with Madoff, right?

23 A. Yes.

24 MR. CHOCKLEY: Would you mark that as
25 Exhibit 8, please.

1 (Exhibit Lowe-8 marked for
2 identification.)

3 Q. Mr. Lowe, you've been handed now
4 what's marked as Exhibit 8, entitled "Reliance
5 Management Note to File Prepared by Justin Lowe for
6 RIR."

7 A. Right.

8 Q. It says, 2-1-07 visit with Bernard L.
9 Madoff, Madoff office, Lipstick Building, 8 a.m.,
10 present: Manuel Echeverria (Optimal), Tim Brockmann
11 (RGML), Justin Lowe (RIR). Right?

12 A. Yes.

13 Q. So is that right, that the three of
14 you met with him at 8 a.m.?

15 A. Yes.

16 Q. February 1st, 2007?

17 A. Yes.

18 Q. How much advance notice did you have
19 that you were going to have the meeting?

20 A. I don't remember exactly, but it was
21 short.

22 Q. I gather --

23 A. Days, not months.

24 Q. I gather you had prepared some
25 questions in advance of the meeting?

1 Q. Did you meet the brother and the
2 sons?

3 A. We shook hands with the brother and
4 the sons waved and walked into the trading room. I
5 don't know which one was which. They kind of look
6 the same.

7 Q. Who did most of the talking?

8 A. Manuel did 90 percent of the talking,
9 and Tim did 10 percent.

10 Q. How about Madoff?

11 A. Oh, including Madoff.

12 Q. Was it 50/50 between Madoff --

13 A. I would ballpark it at 50 Madoff, 40
14 Manuel and 10 Tim.

15 Q. So you basically kept your mouth shut
16 and took notes?

17 A. I took notes and, I could tell a long
18 story but a lot of the conversation was spent
19 talking about his friend who had just died.

20 Q. Who was the friend who had just died?

21 A. Some person that I never heard of who
22 was chairman of NASDAQ. And he was going to go and
23 deliver the eulogy and he had to do it for the next
24 day. And he went on about how wonderful this person
25 was, George Bush was going to be there and a number

1 of Washington types were going to be there and he
2 dropped a lot of names in a very short -- well, 30-
3 minute period talking about this, what the NASDAQ
4 meant and his involvement with Primex and that kind
5 of stuff. He was talking about the past and none of
6 us in the room really had experienced that past.
7 Some of us weren't alive.

8 Q. How old is Echeverria?

9 A. I guess he's in his late 40's.

10 Q. Had he met Madoff before?

11 A. Yes.

12 Q. How many times had he met with Madoff
13 before that occasion?

14 A. I don't know, but my guess is that he
15 had met probably on an annual basis for many years.

16 Q. Prior to the meeting, had you read
17 any of the articles about Madoff and the things you
18 described before, news articles, SEC type reports
19 and that sort of thing about Madoff?

20 A. Yes. Yes.

21 Q. Had you studied up in preparation for
22 the meeting?

23 A. Yes.

24 Q. Did you have any concerns about the
25 Madoff investment strategy being a sham?

1 A. No.

2 Q. Did you pose any -- and by you, did
3 your team collectively pose any questions that did
4 not get answered?

5 A. No. There were questions that we
6 would have liked an answer that were not posed. But
7 the answers that were posed were answered with what
8 we now know are falsehoods. But the answers were at
9 times of a general nature. They weren't
10 particularly specific, but they were not -- no
11 question was met with a "I can't comment on that" or
12 in any kind of a confrontational way.

13 Q. Would you have a look at the fourth
14 bullet point where it talks about Echeverria, I
15 assume ME is Echeverria, right?

16 A. Yes.

17 Q. "Echeverria explained the
18 relationship between him, Reliance and the Botin
19 family and the JV on the new account." By JV is
20 that a reference to a joint venture?

21 A. Yes.

22 Q. What is that? That's LIF?

23 A. That's LIF.

24 Q. Was LIF a joint venture?

25 A. No. JV is a colloquial term, called

1 the arrangement. It's a UBS product, a UBS fund.
2 Reliance is the investment advisor and M & B is the
3 distributor. M & B is at the origin or the impetus
4 for creating the fund and Reliance was brought into
5 the picture, as mentioned earlier, to do some work
6 on the trades that were done, trade analytics.

7 Q. What was your understanding of what
8 Madoff meant when he said how pleased he was with
9 his meetings with Botin and especially Ana Patricia?

10 A. He had met them in Spain in some kind
11 of social context at a meeting that had taken place
12 a few months before. And so he was very obsequious
13 about how he was so happy to have this relationship
14 with this banking dynasty, et cetera, et cetera, and
15 he felt that he was, you know, he was buttering them
16 up.

17 Q. In the last bullet point on the first
18 page where you report on the discussion of a
19 strategy, did his answers appear to you to be
20 plausible?

21 A. Yes.

22 Q. That he was not using major
23 investment banks as counter-parties?

24 A. Yes.

25 Q. You note that he mentioned certain

1 names such as Capital on the mutual fund side. What
2 Capital are you referring to there?

3 A. I think it was referring to the Los
4 Angeles Capital group of companies. The
5 participants in the -- first of all, was it
6 plausible? Yes, because it was consistent with what
7 he had told other people over time.

8 Two, it was known in the market
9 that -- everyone involved knew that he was active in
10 the -- that he was supposed to be active in the OTC
11 option market. There is no volume in OTC options
12 available to check, so the question is are there
13 sellers of options. Buyers of options, there are
14 always buyers of options. But selling options is a
15 strategy where you can lose everything. So the
16 question is who is selling the option to. And in a
17 rising market, in a market where you have big
18 players with a lot of equity positions, selling one
19 month's put options to generate some yield in a low
20 yield kind of environment is very, very plausible.

21 Q. There is a bullet point one, two,
22 three, four, five, about the auditors. Did you know
23 who his auditors were at the time of the meeting?

24 A. No, at the time of the meeting I
25 didn't know who they were. I had been told by

1 Optimal that it was a small firm.

2 Q. Had you done any check into them?

3 A. I had been told, I believe shortly
4 before, so it was relatively new news that it was a
5 small firm. It's not something that Optimal
6 disclosed to their investors, and we discussed it at
7 this meeting.

8 Q. Did it give you any pause that he had
9 small, unknown auditors?

10 A. No. And the answer -- a little
11 personal anecdote, which is that when I have to
12 explain what happened with Madoff to people who are
13 not in the business, my family or other people, they
14 often bring this up, it was a family business, it
15 was a small auditor. The reality is that many of
16 these things that were viewed, that are now viewed
17 as negatives with the benefit of 20/20 hindsight,
18 were actually viewed as a positive. So here's a guy
19 who tells you he's been using the same auditor from
20 the moment he started the business, that that
21 auditor has never had any issues with the SEC, that
22 he's been loyal to that person the whole time. Many
23 of us in the industry thought, well, that's actually
24 a very honorable thing to do.

25 Now, I was an investor in Enron, and

1 they had a big auditor, and you know what happened
2 there. So I don't have more respect for big or for
3 small auditors. In fact, I think that one can argue
4 that it's better sometimes to be with a small
5 auditor, they're more focused and more service
6 friendly. So, it was not a negative. It sounds
7 obvious now, but it was not at the time.

8 Q. Did the funds managed by Reliance
9 have auditors?

10 A. Yes.

11 Q. And who did the audits for the
12 Reliance managed funds?

13 A. It was Deloitte Gibraltar, so a four-
14 person operation. Now, they may have a brand name,
15 but it's a four-person operation and you can tell
16 it's a four-person operation because Reliance at one
17 point represented probably half their revenues.

18 Q. They did all the different funds?

19 A. They did all of the fund of funds.
20 They did all the funds except for Defender, which
21 was done by PWC in Dublin, and Striker never got an
22 audit, but it was supposed to be PWC. And LIF had
23 Ernst & Young in Luxembourg. But apart from that,
24 those are specific situations, all the others were
25 done by Deloitte in Gibraltar.